



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2006  
OF THE CONDITION AND AFFAIRS OF THE

Premier Behavioral Systems of Tennessee, LLC

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	00000	Employer's ID Number	62-1641638
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [ ]      Property/Casualty [ ]      Dental Service Corporation [ ] Vision Service Corporation [ ]      Other [ ]      Health Maintenance Organization [ ] Hospital, Medical & Dental Service or Indemnity [ ]      Is HMO, Federally Qualified? Yes [ ] No [ ]					
Incorporated/Organized	05/15/1996		Commenced Business	07/01/1996		
Statutory Home Office	222 Second Ave. N. Suite 220 (Street and Number)		Nashville, TN 37201 (City or Town, State and Zip Code)			
Main Administrative Office	222 Second Ave. N. Suite 220 (Street and Number)		Nashville, TN 37201 (City or Town, State and Zip Code)			
	Nashville, TN 37201 (City or Town, State and Zip Code)		615-313-4463 (Area Code) (Telephone Number)			
Mail Address	222 Second Ave. N. Suite 220 (Street and Number or P.O. Box)		Nashville, TN 37201 (City or Town, State and Zip Code)			
Primary Location of Books and Records	222 Second Ave. N. Suite 220 (Street and Number)		Nashville, TN 37201 (City or Town, State and Zip Code)			
	Nashville, TN 37201 (City or Town, State and Zip Code)		615-313-4463 (Area Code) (Telephone Number)			
Internet Website Address	N/A					
Statutory Statement Contact	Michael Fotinos (Name)		410-953-1643 (Area Code) (Telephone Number) (Extension)			
	mdfotinos@magellanhealth.com (E-mail Address)		410-953-5205 (FAX Number)			
Policyowner Relations Contact	(Street and Number)					
	(City or Town, State and Zip Code)					
	(Area Code) (Telephone Number) (Extension)					

OFFICERS

Name	Title	Name	Title
Russell C. Petrella	President		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Russell C. Petrella	William R. Grimm	Rene Lerer
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State of Connecticut  
County of Hartford ss Avon

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Russell C. Petrella President	William R. Grimm Director

Subscribed and sworn to before me this  
16<sup>th</sup> day of February 2007

RAYMONDE A. PELLETIER  
NOTARY PUBLIC  
MY COMMISSION EXPIRES AUG. 31, 2008

a. Is this an original filing? Yes [ X ] No [ ]  
b. If no,  
1. State the amendment number  
2. Date filed  
3. Number of pages attached

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ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	3,307,538		3,307,538	3,315,783
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	0		0	0
2.2 Common stocks .....	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			0	0
3.2 Other than first liens .....			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....47,106,654 , Schedule E, Part 1), cash equivalents (\$ .....0 , Schedule E, Part 2) and short-term investments (\$ .....0 , Schedule DA).....	47,106,654		47,106,654	29,693,755
6. Contract loans, (including \$ .....premium notes)			0	0
7. Other invested assets (Schedule BA) .....	0	0	0	0
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	50,414,192	0	50,414,192	33,009,538
11. Title plants less \$ .....charged off (for Title Insurers only) .....			0	0
12. Investment income due and accrued .....	49,268		49,268	28,158
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	3,540,701		3,540,701	6,568,262
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ .....earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset.....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....			0	0
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....			0	0
22. Health care (\$ ..... ) and other amounts receivable .....			0	0
23. Aggregate write-ins for other than invested assets .....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	54,004,161	0	54,004,161	39,605,958
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	54,004,161	0	54,004,161	39,605,958
DETAILS OF WRITE-INS				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Risk Share Receivable.....			0	0
2302. ASO Receivable.....			0	0
2303. ....				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	15,314,598		15,314,598	25,731,403
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses			0	0
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	87,467		87,467	91,506
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	288,346		288,346	768,586
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current)	10,820,202	0	10,820,202	1,947,395
22. Total liabilities (Lines 1 to 21)	26,510,613	0	26,510,613	28,538,890
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	23,245,279	23,245,279
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	4,248,269	(12,178,211)
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... )	XXX	XXX		0
30.2 ..... shares preferred (value included in Line 25 \$ ..... )	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	27,493,548	11,067,068
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	54,004,161	39,605,958
DETAILS OF WRITE-INS				
2101. Premium Tax Payable	1,082,553		1,082,553	1,149,299
2102. Risk Share Payable	9,565,486		9,565,486	571,398
2103. Stale Check Liability	172,163		172,163	226,698
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	10,820,202	0	10,820,202	1,947,395
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	7,265,772	7,408,990
2. Net premium income (including \$ .....0 non-health premium income).....	XXX	228,418,096	226,639,686
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	(9,999,968)	(3,021,689)
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	218,418,128	223,617,997
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		86,331,028	102,281,695
10. Other professional services .....		89,292,393	95,312,989
11. Outside referrals .....			0
12. Emergency room and out-of-area .....			0
13. Prescription drugs .....			0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15) .....	0	175,623,421	197,594,684
<b>Less:</b>			
17. Net reinsurance recoveries .....			0
18. Total hospital and medical (Lines 16 minus 17) .....	0	175,623,421	197,594,684
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ .....0 cost containment expenses.....		2,284,181	2,266,397
21. General administrative expenses.....		23,844,732	24,490,061
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22) .....	0	201,752,334	224,351,142
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	16,665,794	(733,145)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		2,060,686	733,145
26. Net realized capital gains (losses) less capital gains tax of \$ .....			0
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	2,060,686	733,145
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	18,726,480	0
31. Federal and foreign income taxes incurred .....	XXX		0
32. Net income (loss) (Lines 30 minus 31) .....	XXX	18,726,480	0
<b>DETAILS OF WRITE-INS</b>			
0601. Risk Share Revenue.....	XXX	(9,999,968)	(3,021,689)
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	XXX	(9,999,968)	(3,021,689)
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	XXX	0	0
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) .....	0	0	0
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above) .....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period .....	11,067,068	11,064,371
34. Net income or (loss) from Line 32 .....	18,726,480	0
35. Change in valuation basis of aggregate policy and claim reserves .....		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		0
38. Change in net deferred income tax .....		0
39. Change in nonadmitted assets .....	0	2,697
40. Change in unauthorized reinsurance .....	0	0
41. Change in treasury stock .....	0	0
42. Change in surplus notes .....	0	0
43. Cumulative effect of changes in accounting principles .....		0
44. Capital Changes:		
44.1 Paid in .....	0	0
44.2 Transferred from surplus (Stock Dividend) .....		0
44.3 Transferred to surplus .....		0
45. Surplus adjustments:		
45.1 Paid in .....	0	0
45.2 Transferred to capital (Stock Dividend) .....	0	0
45.3 Transferred from capital .....		0
46. Dividends to stockholders .....	(2,300,000)	0
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0
48. Net change in capital & surplus (Lines 34 to 47) .....	16,426,480	2,697
49. Capital and surplus end of reporting period (Line 33 plus 48)	27,493,548	11,067,068
DETAILS OF WRITE-INS		
4701. ....		
4702. ....		
4703. ....		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

Premier Behavioral Health of TN, LLC.  
BHO TennCare Operations Statement of Revenue and Expenses  
For the Year Ending December 31, 2006  
Report 2A

	Current Quarter Total	Year to Date Total
Member Months	1,821,550	7,265,772
<b>Revenues</b>		
TennCare Capitation	59,994,561	228,418,096
Risk Share Revenue	(3,844,745)	(9,999,968)
ASO Revenue	0	0
Investment (Interest)	578,616	2,060,686
Other Revenues	0	0
<b>Total Revenues</b>	56,728,432	220,478,814
<b>Expenses</b>		
Mental Health & Substance Services		
Inpatient Psychiatric Facility services	12,086,372	50,628,380
Inpatient Substance Abuse Treatment and Detox	702,806	2,825,888
Outpatient Mental Health Services	10,670,085	44,482,881
Outpatient Substance Abuse Treatment and Detox	642,586	2,678,969
Housing/Residential Treatment	5,397,266	19,536,734
Specialized Crisis Services	2,363,481	9,119,442
Psychiatric Rehab and Support Services	788,431	3,042,145
Case Management	9,431,450	36,264,576
Forensics		
Other Judicial		
Pharmacy		
Lab Services	56,128	288,222
Transportation	1,776,946	6,756,183
Medical Incentive Pool and Withhold Adjustments		
Occupancy, Depreciation and Amortization	0	0
Other Mental Health and Substance Abuse Services	0	0
PCP and Specialists Services		
Subtotal	43,915,549	175,623,421
Reinsurance Expense Net of Recoveries		
Less:		
Copayments		
Subrogation		
Coordination of Benefits		
Subtotal		
<b>Total Medical and Substance Abuse</b>	43,915,549	175,623,421
<b>Claim Adjustment Expense</b>	599,946	2,284,181
Administration <sup>1</sup>		
Rent	100,729	294,475
Salaries and Wages	2,574,615	10,592,164
Contributions for benefit plans for employees		
Payments to employees under non-funded benefit plans		
Other employee welfare	(14,360)	31,893
Legal fees and expenses	(10,041)	121,598
Medical examination fees		
Utilization management		
Certifications and accreditation	906	911
Auditing, actuarial and other consulting services	563,062	1,279,728
Traveling expenses	150,514	386,749
Marketing and advertising	45,943	253,773
Postage, express, telegraph and telephone	88,909	472,720
Printing and stationary	420,101	931,037
Occupancy, depreciation and amortization	1,341,423	4,830,035
Rental of equipment	(955)	7,497
Outsourced services includes EDP, claims, and other services	(182,170)	(8,514)
Books and periodicals		
Boards, bureaus and association fees	12,512	63,251
Insurance, except on real estate	(2)	-
Collection and bank service charges	20,120	86,655
Group service and administration fees		
Reimbursements from fiscal intermediaries		
Real estate expenses	2,082	5,623
Real estate taxes		
Bad Debt Expense		
Taxes, licenses and fees:		
State and local insurance taxes		
State premium taxes	1,122,996	4,367,143
Insurance department licenses and fees		
Payroll taxes		
Other (excluding federal income and real estate taxes)	42,185	127,993
Investment expenses not included elsewhere		
<b>Total Administrative Expenses</b>	6,278,569	23,844,732
<b>Total Expenses</b>	50,794,064	201,752,334
<b>Net Income (Loss)</b>	5,934,368	18,726,480

<sup>1</sup> The ASO fee Administration expense breakout is assumed based upon current sub-contractor's expenses.

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance.....	230,439,777	224,838,700
2. Net investment income .....	2,021,347	746,465
3. Miscellaneous income .....	0	0
4. Total (Lines 1 through 3) .....	232,461,124	225,585,165
5. Benefits and loss related payments .....	188,324,407	189,005,562
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions .....	24,450,292	21,750,806
8. Dividends paid to policyholders .....		0
9. Federal and foreign income taxes paid (recovered) \$ .....net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9) .....	212,774,699	210,756,368
11. Net cash from operations (Line 4 minus Line 10) .....	19,686,425	14,828,797
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	3,020,000	3,320,000
12.2 Stocks .....	0	0
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	0	0
12.7 Miscellaneous proceeds .....	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	3,020,000	3,320,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	2,993,526	3,288,925
13.2 Stocks .....	0	0
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	0	0
13.6 Miscellaneous applications .....	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	2,993,526	3,288,925
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	26,474	31,075
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....		0
16.5 Dividends to stockholders .....	2,300,000	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6) .....	(2,300,000)	0
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17) .....	17,412,899	14,859,872
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	29,693,755	14,833,883
19.2 End of year (Line 18 plus Line 19.1).....	47,106,654	29,693,755

Note:	Supplemental disclosures of cash flow information for non-cash transactions:	
20.0001.	Conversion of debt to equity.....	0
20.0002.	Assets acquired by assuming directly related liabilities.....	0
20.0003.	Exchange of non-cash assets or liabilities.....	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income .....	228,418,096	.0	.0	.0	.0	.0	.0	228,418,096	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit .....	.0												
3. Fee-for-service (net of \$ .....													XXX
medical expenses) .....	.0												XXX
4. Risk revenue.....	.0												XXX
5. Aggregate write-ins for other health care related revenues .....	(9,999,968)	.0	.0	.0	.0	.0	.0	(9,999,968)	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6).....	218,418,128	.0	.0	.0	.0	.0	.0	218,418,128	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits .....	86,331,028							86,331,028					XXX
9. Other professional services .....	89,292,393							89,292,393					XXX
10. Outside referrals .....	.0												XXX
11. Emergency room and out-of-area .....	.0												XXX
12. Prescription Drugs .....	.0												XXX
13. Aggregate write-ins for other hospital and medical.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	.0												XXX
15. Subtotal (Lines 8 to 14) .....	175,623,421	.0	.0	.0	.0	.0	.0	175,623,421	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries .....	.0												XXX
17. Total hospital and medical (Lines 15 minus 16) .....	175,623,421	.0	.0	.0	.0	.0	.0	175,623,421	.0	.0	.0	.0	XXX
18. Non-health claims (net) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ .....	2,284,181							2,284,181					
0 cost containment expenses.....	23,844,732							23,844,732					XXX
20. General administrative expenses .....	.0												
21. Increase in reserves for accident and health contracts .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
22. Increase in reserves for life contracts.....	.0												
23. Total underwriting deductions (Lines 17 to 22) .....	201,752,334	.0	.0	.0	.0	.0	.0	201,752,334	.0	.0	.0	.0	.0
24. Net underwriting gain or (loss) (Line 7 minus Line 23) .....	16,665,794	0	0	0	0	0	0	16,665,794	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Risk Share Revenue.....	(9,999,968)							(9,999,968)					XXX
0502. ....													XXX
0503. ....													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	(9,999,968)	0	0	0	0	0	0	(9,999,968)	0	0	0	0	XXX
0601. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603. ....		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. ....													XXX
1302. ....													XXX
1303. ....													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	0	0	0	0	0	0	0	0	0	0	0	0	XXX



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	228,418,096			228,418,096
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11) .....	228,418,096	.0	.0	228,418,096
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	228,418,096	0	0	228,418,096

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct .....	186,040,226							186,040,226					
1.2 Reinsurance assumed .....	0												
1.3 Reinsurance ceded .....	0												
1.4 Net .....	186,040,226	0	0	0	0	0	0	186,040,226	0	0	0	0	0
2. Paid medical incentive pools and bonuses .....	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct .....	15,314,598	0	0	0	0	0	0	15,314,598	0	0	0	0	0
3.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net .....	15,314,598	0	0	0	0	0	0	15,314,598	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct .....	0												
4.2 Reinsurance assumed .....	0												
4.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year .....	0												
6. Net healthcare receivables (a) .....	0												
7. Amounts recoverable from reinsurers December 31, current year .....	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct .....	25,731,403	0	0	0	0	0	0	25,731,403	0	0	0	0	0
8.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net .....	25,731,403	0	0	0	0	0	0	25,731,403	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct .....	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year .....	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year .....	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct .....	175,623,421	0	0	0	0	0	0	175,623,421	0	0	0	0	0
12.2 Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net .....	175,623,421	0	0	0	0	0	0	175,623,421	0	0	0	0	0
13. Incurred medical incentive pools and bonuses .....	0	0	0	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct .....	0												
1.2. Reinsurance assumed .....	0												
1.3. Reinsurance ceded .....	0												
1.4. Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct .....	15,314,598							15,314,598					
2.2. Reinsurance assumed .....	0												
2.3. Reinsurance ceded .....	0												
2.4. Net .....	15,314,598	0	0	0	0	0	0	15,314,598	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct .....	0												
3.2. Reinsurance assumed .....	0												
3.3. Reinsurance ceded .....	0												
3.4. Net .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct .....	15,314,598	0	0	0	0	0	0	15,314,598	0	0	0	0	0
4.2. Reinsurance assumed .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded .....	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net .....	15,314,598	0	0	0	0	0	0	15,314,598	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					0	0
2. Medicare Supplement .....					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan Premiums .....					0	0
6. Title XVIII - Medicare .....					0	0
7. Title XIX - Medicaid.....	25,443,087	160,597,139	1,206,474	14,108,124	26,649,561	25,731,403
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8).....	25,443,087	160,597,139	1,206,474	14,108,124	26,649,561	25,731,403
10. Healthcare receivables (a).....					0	
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts .....					0	0
13. Totals (Lines 9 - 10 + 11 + 12)	25,443,087	160,597,139	1,206,474	14,108,124	26,649,561	25,731,403

(a) Excludes \$ .....loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	19,016	21,154	21,491	21,508	21,508
2. 2002 .....	233,125	246,254	246,243	246,693	246,707
3. 2003 .....	XXX	234,387	251,186	251,538	251,557
4. 2004 .....	XXX	XXX	212,421	225,704	225,496
5. 2005 .....	XXX	XXX	XXX	172,615	198,233
6. 2006 .....	XXX	XXX	XXX	XXX	160,597

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	20,678	21,246	22,031	21,600	21,508
2. 2002 .....	251,712	247,498	246,534	247,099	247,205
3. 2003 .....	XXX	252,294	251,628	251,655	251,557
4. 2004 .....	XXX	XXX	226,001	225,846	225,515
5. 2005 .....	XXX	XXX	XXX	197,590	198,922
6. 2006 .....	XXX	XXX	XXX	XXX	174,705

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  Col. (3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  Col. (5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  Col. (9/1) Percent
1. 2002 .....	264,254	246,707	1,958	0.8	248,665	94.1	498		249,163	94.3
2. 2003 .....	265,339	251,557	2,379	0.9	253,936	95.7			253,936	95.7
3. 2004 .....	239,093	225,496	1,464	0.6	226,960	94.9	19		226,979	94.9
4. 2005 .....	226,640	198,233	1,971	1.0	200,204	88.3	689		200,893	88.6
5. 2006 .....	228,418	160,597	2,284	1.4	162,881	71.3	14,108		176,989	77.5

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS  
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	19,016	21,154	21,491	21,508	21,508
2. 2002 .....	233,125	246,254	246,243	246,693	246,707
3. 2003 .....	XXX	234,387	251,186	251,538	251,557
4. 2004 .....	XXX	XXX	212,421	225,704	225,496
5. 2005 .....	XXX	XXX	XXX	172,615	198,233
6. 2006 .....	XXX	XXX	XXX	XXX	160,597

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior .....	20,678	21,246	22,031	21,600	21,508
2. 2002 .....	251,712	247,498	246,534	247,099	247,205
3. 2003 .....	XXX	252,294	251,628	251,655	251,557
4. 2004 .....	XXX	XXX	226,001	225,846	225,515
5. 2005 .....	XXX	XXX	XXX	197,590	198,922
6. 2006 .....	XXX	XXX	XXX	XXX	174,705

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6  Col. (5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10  Col. (9/1) Percent
1. 2002 .....	264,254	246,707	1,958	0.8	248,665	94.1	498	0	249,163	94.3
2. 2003 .....	265,339	251,557	2,379	0.9	253,936	95.7	0	0	253,936	95.7
3. 2004 .....	239,093	225,496	1,464	0.6	226,960	94.9	19	0	226,979	94.9
4. 2005 .....	226,640	198,233	1,971	1.0	200,204	88.3	689	0	200,893	88.6
5. 2006 .....	228,418	160,597	2,284	1.4	162,881	71.3	14,108	0	176,989	77.5

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	0	0			0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501. ....												
0502. ....												
0503. ....												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101. ....												
1102. ....												
1103. ....												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ .....for occupancy of own building).....			294,475		294,475
2. Salaries, wages and other benefits.....			10,592,163		10,592,163
3. Commissions (less \$ .....ceded plus \$ .....assumed.....			31,893		31,893
4. Legal fees and expenses.....			121,598		121,598
5. Certifications and accreditation fees.....			911		911
6. Auditing, actuarial and other consulting services.....			1,279,728		1,279,728
7. Traveling expenses.....			386,749		386,749
8. Marketing and advertising.....			253,773		253,773
9. Postage, express and telephone.....			472,720		472,720
10. Printing and office supplies.....			931,037		931,037
11. Occupancy, depreciation and amortization.....			4,830,035		4,830,035
12. Equipment.....			7,497		7,497
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....			(8,514)		(8,514)
15. Boards, bureaus and association fees.....			63,251		63,251
16. Insurance, except on real estate.....					0
17. Collection and bank service charges.....			86,655		86,655
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....			5,623		5,623
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....			4,367,143		4,367,143
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....					0
23.5 Other (excluding federal income and real estate taxes).....			127,995		127,995
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	2,284,181	0	0	2,284,181
26. Total expenses incurred (Lines 1 to 25).....	0	2,284,181	23,844,732	0	(a).....26,128,913
27. Less expenses unpaid December 31, current year.....			87,467		87,467
28. Add expenses unpaid December 31, prior year.....	0	0	91,506	0	91,506
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	2,284,181	23,848,771	0	26,132,952
DETAIL OF WRITE-INS					
2501. Claims processing expense allocated from parent.....		2,284,181			2,284,181
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	2,284,181	0	0	2,284,181

(a) Includes management fees of \$ .....to affiliates and \$ .....to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) ..... 80,867	..... 140,913
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....	.....
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e) ..... 1,919,773	..... 1,919,773
7.	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	..... 0	..... 0
10.	Total gross investment income .....	2,000,640	2,060,686
11.	Investment expenses .....		(g) .....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		..... 0
16.	Total (Lines 11 through 15) .....		..... 0
17.	Net Investment Income - (Line 10 minus Line 16) .....		2,060,686
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	0	0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		..... 0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		0

(a) Includes \$ ..... 18,296 accrual of discount less \$ ..... 66 amortization of premium and less \$ ..... 45,925 paid for accrued interest on purchases.  
(b) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued dividends on purchases.  
(c) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(d) Includes \$ ..... for company's occupancy of its own buildings; and excludes \$ ..... interest on encumbrances.  
(e) Includes \$ ..... accrual of discount less \$ ..... amortization of premium and less \$ ..... paid for accrued interest on purchases.  
(f) Includes \$ ..... accrual of discount less \$ ..... amortization of premium.  
(g) Includes \$ ..... investment expenses and \$ ..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.  
(h) Includes \$ ..... interest on surplus notes and \$ ..... interest on capital notes.  
(i) Includes \$ ..... depreciation on real estate and \$ ..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				0
1.1	Bonds exempt from U.S. tax .....				0
1.2	Other bonds (unaffiliated) .....				0
1.3	Bonds of affiliates .....	0		0	0
2.1	Preferred stocks (unaffiliated) .....				0
2.11	Preferred stocks of affiliates .....	0		0	0
2.2	Common stocks (unaffiliated) .....				0
2.21	Common stocks of affiliates .....	0	0	0	0
3.	Mortgage loans .....				0
4.	Real estate .....				0
5.	Contract loans .....				0
6.	Cash, cash equivalents and short-term investments .....				0
7.	Derivative instruments .....				0
8.	Other invested assets .....				0
9.	Aggregate write-ins for capital gains (losses) .....	0	0	0	0
10.	Total capital gains (losses) .....	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks .....	0	0	0
2.2 Common stocks .....	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens .....	0	0	0
3.2 Other than first liens .....	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company .....	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale .....	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans .....	0	0	0
7. Other invested assets (Schedule BA) .....	0	0	0
8. Receivables for securities .....	0	0	0
9. Aggregate write-ins for invested assets .....	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued .....	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection .....	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but not and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers .....	0	0	0
14.2 Funds held by or deposited with reinsured companies .....	0	0	0
14.3 Other amounts receivable under reinsurance contracts .....	0	0	0
15. Amounts receivable relating to uninsured plans .....	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit .....	0	0	0
18. Electronic data processing equipment and software.....	0	0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....	0	0	0
21. Receivables from parent, subsidiaries and affiliates .....	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets .....	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	0	0	0
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	0	0	0
DETAILS OF WRITE-INS			
0901. ....			
0902. ....			
0903. ....			
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. ....			
2302. ....			
2303. ....			
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0

NONE

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	589,687	601,202	601,504	608,238	606,786	7,265,772
7. Total	589,687	601,202	601,504	608,238	606,786	7,265,772
DETAILS OF WRITE-INS						
0601. Behavioral Health Organization.....	589,687	601,202	601,504	608,238	606,786	7,265,772
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	589,687	601,202	601,504	608,238	606,786	7,265,772

## EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

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## ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

### EXHIBIT 3 - HEALTH CARE RECEIVABLES

[illegible]

**EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

[illegible]

# ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

## EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

## EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]



## EXHIBIT 7 PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

## EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

**NONE**

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment .....						
2. Medical furniture, equipment and fixtures .....						
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment						
6. Total	0	0	0	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### A. ACCOUNTING PRACTICES

The accompanying financial statements of Premier Behavioral Systems of Tennessee, LLC. ("PBS" or the "Company") have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions, the NAIC Accounting Practices and Procedures Manual and the accounting practices prescribed or permitted by the State of Tennessee Department of Commerce and Insurance, which represents a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).

#### B. USE OF ESTIMATES IN PREPARATION OF THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Actual results could differ from those estimates.

#### C. ACCOUNTING POLICY

##### CASH AND SHORT TERM INVESTMENTS:

Cash and short-term investments consist of cash on hand and in banks, along with commercial paper whose maturities at time of acquisition were one year or less and whose carrying value approximate their fair market value.

##### REVENUE AND PREMIUMS RECEIVABLE:

Capitation payments are recognized as revenue in the month due to the Company. The State of Tennessee TennCare mental health services program ("TennCare") retains a one month withhold – currently at 2.5% - on premiums paid to TBH pursuant to Section 4.7.2 of the Provider Risk Contract (the "Contract"). The purpose of this withhold is to assure the Contractor's compliance with all terms and conditions of the Contract. Additionally, retroactive membership adjustments are paid over a twelve month period. As these retroactive membership adjustments are material to the Company's results, the Company records an estimated receivable, based on historical payment patterns. This receivable is included as a component of Uncollected Premiums in the accompanying financial statements.

Per Section 4.7.1.2 of the Contract, the Company elected to participate in a profit/loss risk banding arrangement with the State of Tennessee. Effective January 2002, the company elected to use profit/loss risk banding option 2, under which losses up to ten percent are shared equally by the Company and the State ("option 2"). In January 2003, the company changed its election to Option 4, under which the state absorbs 100% of profits and losses. Effective January 2006, the profit/loss risk banding terms between the Company and the State were amended. Under the terms of the amendment, the Company and the State share gains above a medical loss ratio of 85% and losses above a medical loss ratio of 91%, equally. Risk share revenue is recognized on a monthly basis consistent with the applicable terms. The receivable related to the profit/loss risk banding is evaluated monthly, based on current estimates of medical costs. Based on this review, any required adjustment for prior period risk share revenue is recognized.

##### INVESTMENTS:

Investment securities at December 31, 2006, consist of two U.S. Treasury Notes whose maturities at time of acquisition were greater than one year and whose carrying value approximates the fair market value.

##### MEDICAL CLAIMS PAYABLE:

The liability for medical claims payable includes estimated medical costs as of December 31, 2006 and expenses necessary to cover the ultimate net costs of investigating and settling all claims. The estimated medical claims payable includes the accumulation of estimates for claims reported prior to year-end and estimates of claims incurred but not reported.

Medical claims payable is computed in accordance with generally accepted actuarial practices and is based upon authorized healthcare services and past claims payment experience, together with historical utilization experience and management judgment. Estimates are monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected by the Company in current operations.

### Note 2 - Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State. Effective January 1, 2001, the State required that insurance companies domiciled in the State of Tennessee prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual – Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Tennessee insurance commissioner.

There have been no significant changes to any estimates, contingent liabilities, leases or any other subsequent event that would impact the presentation of these statements.

### Note 3 - Business Combinations and Goodwill

- A. Statutory Purchase Method – Not applicable.
- B. Statutory Merger - Not applicable.
- C. Assumption Reinsurance - Not applicable.
- D. Impairment Loss - Not applicable.

## NOTES TO FINANCIAL STATEMENTS

### Note 4 - Discontinued Operations

Not applicable.

### Note 5 - Investments

- A. Mortgage Loan, including Mezzanine Real Estate Loans – Not applicable.
- B. Debt Restructuring – Not applicable.
- C. Reverse Mortgages – Not applicable.
- D. Loan Backed Securities – Not applicable.
- E. Repurchase Agreements – Not applicable.
- F. Real Estate – Not applicable.
- G. Investments in low-income tax credits – Not applicable.

### Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

The Company does not have any Investments in Joint Ventures, Partnerships, or Limited Liability Companies.

### Note 7 - Investment Income

No investment income was excluded from Surplus.

### Note 8 - Derivative Instruments

- A. Market risk, credit risk and cash requirements of the derivative – Not applicable.
- B. Objectives for using derivatives – Not applicable.
- C. Accounting policies for recognizing and measuring derivatives used – Not applicable.
- D. Net gain or loss recognized in unrealized gains and losses during the reporting period representing the component of the derivative instruments gain of loss – Not applicable.
- E. Net gain or loss recognized in unrealized gains and losses during the reporting period resulting from derivatives that no longer qualify for hedge accounting – Not applicable.
- F. Derivatives accounted for as cash flow hedges of a forecasted transaction – Not applicable.

### Note 9 - Income Taxes

No provision has been made for federal and state income taxes since such taxes are the responsibility of the individual members.

### Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. Nature of relationship -

The Company was organized in May 1996 by Premier Holdings, Inc (a wholly-owned subsidiary of AdvoCare), Columbia Behavioral Health, LLC (“CBH”) and Managed Health Network, Inc. ("Foundation") for the purposes of contracting with the State of Tennessee Department of Mental Health and Mental Retardation to deliver mental health and substance abuse services to participants of TennCare. The contract was effective and operations of the Company commenced July 1, 1996 with the contract, as amended, ending on June 30, 2007. The State, at its discretions, may terminate the contract prior to June 30, 2007 provided it gives the Contractor sixty (60) days notice.

In September 1997, the Company amended and restated its operating agreement by and between Premier Holdings, Inc and CBH whereby each of these entities would have both financial and governance rights equal to 50%. On April 11, 2006, Premier Holdings, Inc, purchased Columbia Behavioral Health, LLC.’s fifty percent ownership interest in the Company. As of April 1, 2006, Premier Holdings, ultimately a fully owed subsidiary of Magellan Health Services, has full ownership interest in the Company. The transaction was approved by the Department of Commerce and Insurance.

The State generally regulates the Company as a Health Maintenance Organization and the Company was licensed during October 2002 as a prepaid limited health service organization. The Company's contract with the State represents its only customer.

Magellan was required to implement the provisions of fresh-start reporting, as prescribed by the American Institute of Certified Public Accountants’ Statement of Position 90-7, *Financial Reporting by Entities in Reorganization under the Bankruptcy Code*. The effects of Magellan’s adoption of fresh-start reporting did not impact the Company’s financial statements.

- B. Description of transactions – The Company generally has the following transactions with affiliated entities:
  - a. Accounts payable paid by the parent (Magellan Health Service) - \$675,782
  - b. Management fees paid to Magellan and AdvoCare of Tennessee (“AdvoCare”) – see F. below description and amounts.

## NOTES TO FINANCIAL STATEMENTS

- C. Dollar amount of transactions – see B
- D. Amounts due to/from related parties – Balances as of September 30, 2006
  - a. Due to Magellan – (\$45,846)
  - b. Due to Advocare – (\$242,500)
- E. Guarantees or undertakings for benefit of affiliate – Not applicable.
- F. Material management or service contracts and cost sharing arrangements with related parties –

The Company contracts with AdvoCare of Tennessee, Inc. (“AdvoCare”), a related party, to manage the operations, administrative services and clinical services related to the provision of all mental health benefits, to provide case management services and to arrange primary care and outpatient services. For the year ended December 31, 2006, the Company incurred expense of approximately \$18,273,448 related to these services.

The Company contracts with Magellan Behavioral Health Systems, LLC. to process and pay medical claims. For the year ended December 31, 2006 the Company incurred expense of approximately \$2,284,181 related to these services.

CBH provided an administrative network function during the first quarter of 2006. For the year ended December 31, 2006, the Company incurred expense of approximately \$252,000 related to these services. This function was assumed by Magellan following the first quarter.

- G. Common ownership or control – Not applicable.
- H. No significant change
- I. Investment in SCA that exceeds 10% - Not applicable.
- J. Investments in impaired SCA entities – Not applicable.
- K. Investment in a foreign insurance subsidiary – Not applicable.

### **Note 11 - Debt**

The Company does not have any

### **Note 12 - Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans**

- A. Defined Benefit Plan – Not applicable.
- B. Defined Contribution Plans – Not applicable.
- C. Multiemployer Plan – Not applicable.
- D. Consolidated/Holding Company plans – Not applicable.
- E. Post-employment Benefits and Compensated Absences – Not applicable.

### **Note 13 - Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations**

The Company must establish and maintain a net worth and working capital which is the greater of either the amount as required by applicable statute; or four percent (4%) of the first one hundred fifty million dollars (\$150,000,000) of annual projected premium revenue plus one and one half percent (1.5%) of annual projected premium revenue over one hundred fifty million dollars (\$150,000,000) where net worth is calculated as net admitted assets in excess of liability as reported in accordance with statutory accounting principles. The Contractor shall establish and maintain the net worth and working capital balances required by applicable statute throughout the term of the contract. As of December 31, 2006, based on 2006 revenues, the Company’s net worth requirement is \$7,026,272. The Company is in compliance with this requirement.

The Company paid the parent company a dividend of \$2,300,000 on April 13, 2006. The dividend was approved by the Department of Commerce and Insurance.

### **Note 14 - Contingencies**

The Company is party to various other legal proceedings incidental to its business. In the opinion of management, any ultimate liability with respect to these actions will not materially affect the financial position or results of the Company.

The Company is covered under Magellan's professional liability insurance. Coverage is limited to the period in which a claim is asserted, rather than when the incident giving rise to such claim occurred. Management has the intent to renew the insurance coverage, and historically has been able to renew such coverage. In the event Magellan was unable to obtain professional liability insurance at the expiration of the current policy period, it is possible that the Company would be uninsured for claims asserted after the expiration of the current policy period. The claims-made policy has been renewed through June 17, 2007.

### **Note 15 - Leases**

- A. Lessee Operating Lease – Not applicable.
- B. Lessor Leases and Leveraged Leases – Not applicable.

### **Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

NOTES TO FINANCIAL STATEMENTS

The Company does not have any financial instruments with off-balance sheet risk. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, investments and uncollected premiums. The Company maintains its cash and cash equivalents with what it believes to be high quality financial instruments. The fair value of the Company's investments is substantially equivalent to their carrying value and, although there is some credit risk associated with these investments, the Company believes the risk to be minimal. The Company's uncollected premiums as of year-end are current.

**Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

- A. Transfers of Receivables reported as Sales – Not applicable.
- B. Transfer and Servicing of Financial Assets – Not applicable
- C. Wash Sales – The Company has not engaged in any Wash Sales during the current calendar quarter or year.

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans**

- A. ASO Plans – Not applicable.
- B. ASC Plans – Not applicable
- C. Medicare of Similarly Structured Cost Based Reimbursement contract – Not applicable.

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

Not applicable

**Note 20 - September 11 Events**

Not applicable.

**Note 21 - Other Items**

- A. Extraordinary items – Not applicable.
- B. Troubled Debt Restructuring: Debtor – Not applicable
- C. Other Disclosures –
  - a. On July 26, 2006, TennCare announced the managed care organizations which were awarded the contracts to provide integrated behavioral and physical health services in the Middle Region of the State. Since the Company was not a party to either of the contract awards, effective April 1, 2007, the Company will cease providing services to TennCare members in the Middle region.
  - b. In August 2006, the Company remitted \$15 million in reinvestment and profit share funds to the State.
- D. Uncollectible balance for assets covered under SSAP No. 6, SSAP No. 47, and SSAP No. 66 – Not applicable.
- E. Business Interruption Insurance Recoveries – Not applicable.
- F. Hybrid Securities – Not applicable.
- G. State Transferable Tax Credits – Not applicable.
- H. Impact of Medicare Modernization Act – Not applicable

**Note 22 - Events Subsequent**

None

**Note 23 - Reinsurance**

- A. Ceded Reinsurance Report – Not applicable.
- B. Uncollectible Reinsurance – Not applicable.
- C. Commutation of Ceded Reinsurance – Not applicable.

**Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination**

Not applicable

**Note 25 - Change in Incurred Claims and Claims Adjustment Expenses**

Changes in reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years are as follows:

Claims unpaid as of January 1, 2006	\$ 25,731,402
Current year claims paid related to prior years	(25,443,087)
Current year change in claims incurred related to prior years	<u>918,159</u>
Claims unpaid as of December 31, 2006 related to prior years	<u>\$ 1,206,474</u>

NOTES TO FINANCIAL STATEMENTS

**Note 26 - Intercompany Pooling Arrangements**

Not applicable.

**Note 27 - Structured Settlements**

Not applicable.

**Note 28 - Health Care Receivables**

The Company has certain health care receivables generated in the normal course of doing business. As of December 31, 2004, the Company has no such receivables. All such receivables are accounted for consistently with the appropriate NAIC regulations.

**Note 29 - Participating Policies**

Not applicable.

**Note 30 - Premium Deficiency Reserves**

Not applicable.

**Note 31 - Anticipated Salvage and Subrogation**

Not applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	625,000	1.240	625,000	1.240
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....	2,682,538	5.321	2,682,538	5.321
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		0.000		0.000
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		0.000		0.000
1.523 All other .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		0.000		0.000
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (including \$ .....of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Contract loans .....		0.000	0	0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash, cash equivalents and short-term investments .....	47,106,654	93.439	47,106,654	93.439
9. Other invested assets .....		0.000		0.000
10. Total invested assets	50,414,192	100.000	50,414,192	100.000



GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? .....

Yes [ ☐ ] No [ ☒ ]
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? .....

Yes [ ☐ ] No [ ☐ ] NA [ ☒ ]
- 1.3

State Regulating?.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes [ ☐ ] No [ ☒ ]
- 2.2

If yes, date of change: .....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

06/30/2006
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

06/30/2004
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

08/26/2005
- 3.4

By what department or departments? TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE .....
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business? .....

Yes [ ☐ ] No [ ☒ ]
- 4.12

renewals? .....

Yes [ ☐ ] No [ ☒ ]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business? .....

Yes [ ☐ ] No [ ☒ ]
- 4.22

renewals? .....

Yes [ ☐ ] No [ ☒ ]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes [ ☐ ] No [ ☒ ]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? .....

Yes [ ☐ ] No [ ☒ ]
- 6.2

If yes, give full information .....
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? .....

Yes [ ☐ ] No [ ☒ ]
- 7.2

If yes,
- 7.21

State the percentage of foreign control; .....
- 7.22

State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....
.....	.....
.....	.....

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [ ] No [ X ]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [ ] No [ X ]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

ERNST & YOUNG,LLP, 621 PRATT STREET, BALTIMORE, MD 21202
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

MICHAEL J. CELLINI (SENIOR MANAGER AND CONSULTING ACTUARY) ERNST & YOUNG, LLP
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [ ] No [ X ]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [ X ] No [ ]
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [ ] No [ X ]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [ ] No [ ] NA [ X ]

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [ X ] No [ ]
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [ X ] No [ ]
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [ X ] No [ ]

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

16.12

To stockholders not officers

\$

16.13

Trustees, supreme or grand (Fraternal only)

\$
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

16.22

To stockholders not officers

\$

16.23

Trustees, supreme or grand (Fraternal only)

\$
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [ ] No [ X ]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

17.22

Borrowed from others

\$

17.23

Leased from others

\$

17.24

Other

\$
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [ ] No [ X ]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

18.22

Amount paid as expenses

\$

18.23

Other amounts paid

\$
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [ ] No [ X ]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$

GENERAL INTERROGATORIES  
INVESTMENT

- 20.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? .....

Yes [ ☒ ] No [ ☐ ]
- 20.2

If no, give full and complete information relating thereto:
- 21.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) .....

Yes [ ☐ ] No [ ☒ ]
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others .....

\$.....

21.22

Subject to repurchase agreements .....

\$.....

21.23

Subject to reverse repurchase agreements .....

\$.....

21.24

Subject to dollar repurchase agreements .....

\$.....

21.25

Subject to reverse dollar repurchase agreements .....

\$.....

21.26

Pledged as collateral .....

\$.....

21.27

Placed under option agreements .....

\$.....

21.28

Letter stock or other securities restricted as to sale ...

\$.....

21.29

Other .....

\$.....

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

- 22.1

Does the reporting entity have any hedging transactions reported on Schedule DB? .....

Yes [ ☐ ] No [ ☒ ]
- 22.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? .....

Yes [ ☐ ] No [ ☒ ] NA [ ☐ ]

If no, attach a description with this statement.
- 23.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? .....

Yes [ ☐ ] No [ ☒ ]
- 23.2

If yes, state the amount thereof at December 31 of the current year. ....

\$.....

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ X ] No [ ]

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
US BANK.....	150 4TH AVE 2ND FLOOR, NASHVILLE, TN 37219.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....	.....	.....
.....	.....	.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? ..... Yes [ ] No [ X ]

24.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....	.....	.....	.....
.....	.....	.....	.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
.....	.....	.....
.....	.....	.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [ ] No [ X ]

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....	.....	.....
.....	.....	.....
25.2999 TOTAL		0

25.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....	.....	.....	.....
.....	.....	.....	.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	3,307,538	3,295,925	(11,613)
26.2 Preferred stocks.....	0		0
26.3 Totals	3,307,538	3,295,925	(11,613)

26.4 Describe the sources or methods utilized in determining fair values:

US BANK.....

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$ .....

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

29.1 Amount of payments for legal expenses, if any?.....\$ .....

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$ .....

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC**

## GENERAL INTERROGATORIES

## PART 2 - HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force? .....	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]
1.2	If yes, indicate premium earned on U. S. business only .....	\$ .....
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? .....	\$ .....
1.31	Reason for excluding .....	

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....

1.5 Indicate total incurred claims on all Medicare Supplement insurance. .... \$ .....

1.6 Individual policies:

Most current three years:	
1.61 Total premium earned .....	\$ .....0
1.62 Total incurred claims .....	\$ .....0
1.63 Number of covered lives .....	.....0
All years prior to most current three years:	
1.64 Total premium earned .....	\$ .....0
1.65 Total incurred claims .....	\$ .....0
1.66 Number of covered lives .....	.....0

1.7	Group policies:		
		Most current three years:	
	1.71	Total premium earned .....	\$ .....0
	1.72	Total incurred claims .....	\$ .....0
	1.73	Number of covered lives .....	.....0
		All years prior to most current three years:	
	1.74	Total premium earned .....	\$ .....0
	1.75	Total incurred claims .....	\$ .....0
	1.76	Number of covered lives .....	.....0

2. Health Test:

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	\$ .....228,418,096	\$ .....226,639,686
2.2	Premium Denominator	\$ .....228,418,096	\$ .....226,639,686
2.3	Premium Ratio (2.1/2.2)	.....1.000	.....1.000
2.4	Reserve Numerator	\$ .....15,314,598	\$ .....25,731,403
2.5	Reserve Denominator	\$ .....15,314,598	\$ .....25,731,403
2.6	Reserve Ratio (2.4/2.5)	.....1.000	.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? ..... Yes [ ] No [ X ]

3.2 If yes, give particulars:

4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? .....	Yes [ X ]	No [ ]
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? .....	Yes [ ]	No [ X ]
5.1	Does the reporting entity have stop-loss reinsurance? .....	Yes [ ]	No [ X ]

5.2 If no, explain:		
THE COMPANY IS A BEHAVIORAL HEALTH ORGANIZATION NOT A HEALTH MAINTENANCE ORGANIZATION (HMO). THERE IS NO MARKET FOR REINSURANCE		
5.3	Maximum retained risk (see instructions)	
	5.31 Comprehensive Medical .....	\$ .....
	5.32 Medical Only .....	\$ .....
	5.33 Medicare Supplement .....	\$ .....
	5.34 Dental .....	\$ .....
	5.35 Other Limited Benefit Plan .....	\$ .....
	5.36 Other .....	\$ .....

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
THE MAJORITY OF OUR MEMBERS ARE COVERED UNDER MEDICAID. PROVIDERS AGREE TO ACCEPT OUR PAYMENT IN FULL AND NOT BALANCE BILL MEMBERS

7.1 Does the reporting entity set up its claim liability for provider services on a service date base? ..... Yes [ X ] No [ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:		
	8.1 Number of providers at start of reporting year .....	4,413
	8.2 Number of providers at end of reporting year .....	8,187
9.1	Does the reporting entity have business subject to premium rate guarantees? .....	Yes [ ] No [ X ]
9.2	If yes, direct premium earned:	
	9.21 Business with rate guarantees between 15-36 months .....	
	9.22 Business with rate guarantees over 36 months .....	

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract? .....

Yes [ ] No [ X ]

10.2 If yes:

10.21 Maximum amount payable bonuses .....

\$ .....

10.22 Amount actually paid for year bonuses .....

\$ .....

10.23 Maximum amount payable withholds .....

\$ .....

10.24 Amount actually paid for year withholds .....

\$ .....

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model, .....

Yes [ ] No [ X ]

11.13 An Individual Practice Association (IPA), or, .....

Yes [ ] No [ X ]

11.14 A Mixed Model (combination of above) ? .....

Yes [ ] No [ X ]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? .....

Yes [ X ] No [ ]

11.3 If yes, show the name of the state requiring such net worth. ....

TENNESSEE

11.4 If yes, show the amount required. ....

\$ .....7,026,272

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? .....

Yes [ ] No [ ]

11.6 If the amount is calculated, show the calculation.

4% OF REVENUE UP TO \$150,000,000; 1.5% OF REVENUE IN EXCESS OF \$150,000,000

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
TENNESSEE.....

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
<b>Balance Sheet</b> (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26) .....	54,004,161	39,605,958	28,821,745	52,190,881	27,776,054
2. Total liabilities (Page 3, Line 22) .....	26,510,613	28,538,890	17,757,374	41,996,826	28,261,845
3. Statutory surplus .....	4,248,269	(12,178,211)	(12,180,908)	(13,051,224)	(18,231,070)
4. Total capital and surplus (Page 3, Line 31) .....	27,493,548	11,067,068	11,064,371	10,194,055	(485,791)
<b>Income Statement</b> (Page 4)					
5. Total revenues (Line 8) .....	218,418,128	223,617,997	252,562,265	279,940,698	271,354,117
6. Total medical and hospital expenses (Line 18) .....	175,623,421	197,594,684	225,156,196	248,647,797	251,187,389
7. Claims adjustment expenses (Line 20) .....	2,284,181	2,266,397	1,979,714	1,793,886	1,999,548
8. Total administrative expenses (Line 21) .....	23,844,732	24,490,061	24,958,897	25,624,533	28,949,324
9. Net underwriting gain (loss) (Line 24) .....	16,665,794	(733,145)	467,458	3,874,482	(10,782,144)
10. Net investment gain (loss) (Line 27) .....	2,060,686	733,145	137,047	146,161	310,752
11. Total other income (Lines 28 plus 29) .....	0	0	0	0	0
12. Net income (loss) (Line 32) .....	18,726,480	0	604,505	4,020,643	(10,471,392)
<b>Risk - Based Capital Analysis</b>					
13. Total adjusted capital.....	27,493,548	11,067,068	11,064,371	10,194,055	(485,791)
14. Authorized control level risk-based capital.....	6,836,843	6,519,223	7,649,242	8,392,882	8,999,934
<b>Enrollment</b> (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7) .....	606,786	589,687	627,081	887,376	911,528
16. Total member months (Column 6, Line 7) .....	7,265,772	7,408,990	9,123,663	10,552,270	11,765,844
<b>Operating Percentage</b> (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19) .....	76.9	87.2	94.2	93.7	92.6
19. Cost containment expenses .....	0.0	0.0	0.0	xxx	xxx
20. Other claims adjustment expenses .....	1.0	1.0	0.8	0.6	0.7
21. Total underwriting deductions (Line 23) .....	88.3	99.0	105.4	104.0	104.0
22. Total underwriting gain (loss) (Line 24) .....	7.3	(0.3)	0.2	1.5	(4.0)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5) .....	26,649,561	14,858,658	18,398,727	16,603,599	20,774,511
24. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)] .....	25,731,403	14,853,530	19,243,337	20,249,497	21,252,702
<b>Investments In Parent, Subsidiaries And Affiliates</b>					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	0	0	0	0	0
29. Affiliated mortgage loans on real estate .....		0	0	0	0
30. All other affiliated .....		0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	0





ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION Premier Behavioral Systems of Tennessee, LLC 2. (LOCATION)

NAIC Group Code		0000		BUSINESS IN THE STATE OF Tennessee		DURING THE YEAR 2006						NAIC Company Code		00000	
		1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13	
			2	3											
		Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other	
Total Members at end of:															
1. Prior Year .....		589,687								589,687					
2. First Quarter .....		601,202								601,202					
3. Second Quarter .....		601,504								601,504					
4. Third Quarter .....		608,238								608,238					
5. Current Year		606,786								606,786					
6. Current Year Member Months		7,265,772								7,265,772					
Total Member Ambulatory Encounters for Year:															
7. Physician .....		178,674								178,674					
8. Non-Physician .....		900,795								900,795					
9. Total		1,079,469	0	0	0	0	0	0	0	1,079,469	0	0	0	0	
10. Hospital Patient Days Incurred		148,337								148,337					
11. Number of Inpatient Admissions		12,069								12,069					
12. Health Premiums Written.....		228,418,096								228,418,096					
13. Life Premiums Direct .....		0													
14. Property/Casualty Premiums Written.....		0													
15. Health Premiums Earned.....		228,418,096								228,418,096					
16. Property/Casualty Premiums Earned.....		0													
17. Amount Paid for Provision of Health Care Services .....		186,040,226								186,040,226					
18. Amount Incurred for Provision of Health Care Services		175,623,421								175,623,421					

(a) For health business: number of persons insured under PPO managed care products and number of persons under indemnity only products



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION

Premier Behavioral Systems of Tennessee, LLC

2. \_\_\_\_\_ (LOCATION)

NAIC Group Code	0000	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2006							NAIC Company Code		00000
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year .....	589,687	0	0	0	0	0	0	0	589,687	0	0	0	0
2. First Quarter .....	601,202	0	0	0	0	0	0	0	601,202	0	0	0	0
3. Second Quarter .....	601,504	0	0	0	0	0	0	0	601,504	0	0	0	0
4. Third Quarter .....	608,238	0	0	0	0	0	0	0	608,238	0	0	0	0
5. Current Year .....	606,786	0	0	0	0	0	0	0	606,786	0	0	0	0
6. Current Year Member Months	7,265,772	0	0	0	0	0	0	0	7,265,772	0	0	0	0
Total Member Ambulatory Encounters for Year:													
7. Physician .....	178,674	0	0	0	0	0	0	0	178,674	0	0	0	0
8. Non-Physician .....	900,795	0	0	0	0	0	0	0	900,795	0	0	0	0
9. Total	1,079,469	0	0	0	0	0	0	0	1,079,469	0	0	0	0
10. Hospital Patient Days Incurred	148,337	0	0	0	0	0	0	0	148,337	0	0	0	0
11. Number of Inpatient Admissions	12,069	0	0	0	0	0	0	0	12,069	0	0	0	0
12. Health Premiums Written .....	228,418,096	0	0	0	0	0	0	0	228,418,096	0	0	0	0
13. Life Premiums Direct .....	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written .....	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned .....	228,418,096	0	0	0	0	0	0	0	228,418,096	0	0	0	0
16. Property/Casualty Premiums Earned .....	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services .....	186,040,226	0	0	0	0	0	0	0	186,040,226	0	0	0	0
18. Amount Incurred for Provision of Health Care Services	175,623,421	0	0	0	0	0	0	0	175,623,421	0	0	0	0

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

30.GT

SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	0
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11 .....	0
2.2 Totals, Part 3, Column 7 .....	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances, Column 7, and net of credit to permanent improvements (Column 9) .....	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14.....	0
4.2 Totals, Part 3, Column 9 .....	0
5. Total profit (loss) on sales, Part 3, Column 14 .....	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12.....	0
6.2 Totals, Part 3, Column 8 .....	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13 .....	0
8. Book/adjusted carrying value at end of current period .....	0
9. Total valuation allowance .....	
10. Subtotal (Lines 8 plus 9) .....	0
11. Total nonadmitted amounts .....	
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....	0

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31, prior year .....	0
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions .....	
2.2 Additional investment made after acquisitions .....	0
3. Accrual of discount and mortgage interest points and commitment fees .....	
4. Increase (decrease) by adjustment .....	
5. Total profit (loss) on sale .....	
6. Amounts paid on account or in full during the year .....	
7. Amortization of premium .....	
8. Increase (decrease) by foreign exchange adjustment .....	
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	0
10. Total valuation allowance .....	
11. Subtotal (Lines 9 plus 10) .....	0
12. Total nonadmitted amounts .....	
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column).....	0

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	0
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions .....	
2.2 Additional investment made after acquisitions .....	0
3. Accrual of discount .....	
4. Increase (decrease) by adjustment .....	
5. Total profit (loss) on sale .....	0
6. Amounts paid on account or in full during the year .....	
7. Amortization of premium .....	
8. Increase (decrease) by foreign exchange adjustment .....	
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	0
10. Total valuation allowance .....	
11. Subtotal (Lines 9 plus 10) .....	0
12. Total nonadmitted amounts .....	
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States .....	3,307,538	3,295,925	3,293,595	3,325,000
	2. Canada .....				
	3. Other Countries .....				
	4. Totals	3,307,538	3,295,925	3,293,595	3,325,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. <b>Total Bonds</b>	3,307,538	3,295,925	3,293,595	3,325,000
<b>PREFERRED STOCKS</b> Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. <b>Total Preferred Stocks</b>	0	0	0	
<b>COMMON STOCKS</b> Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. <b>Total Common Stocks</b>	0	0	0	
	55. <b>Total Stocks</b>	0	0	0	
	56. <b>Total Bonds and Stocks</b>	3,307,538	3,295,925	3,293,595	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	3,315,783	7. Amortization of premium.....	66
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	2,993,526	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	18,295	8.1 Column 15, Part 1 .....	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2 .....	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4 .....	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4 .....	0	9. Book/adjusted carrying value at end of current period .....	3,307,538
5. Total gain (loss), Column 19, Part 4 .....	0	10. Total valuation allowance .....	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10) .....	3,307,538
Column 7, Part 4 .....	3,020,000	12. Total nonadmitted amounts .....	
		13. Statement value of bonds and stocks, current period .....	3,307,538

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Class 1 .....		3,307,538				3,307,538	100.0	3,315,783	100.0	3,307,538	
1.2 Class 2 .....						.0	0.0	.0	0.0		
1.3 Class 3 .....						.0	0.0	.0	0.0		
1.4 Class 4 .....						.0	0.0	.0	0.0		
1.5 Class 5 .....						.0	0.0	.0	0.0		
1.6 Class 6 .....						0	0.0	0	0.0		
1.7 Totals	0	3,307,538	0	0	0	3,307,538	100.0	3,315,783	100.0	3,307,538	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
2.1 Class 1 .....						.0	0.0	.0	0.0		
2.2 Class 2 .....						.0	0.0	.0	0.0		
2.3 Class 3 .....						.0	0.0	.0	0.0		
2.4 Class 4 .....						.0	0.0	.0	0.0		
2.5 Class 5 .....						.0	0.0	.0	0.0		
2.6 Class 6 .....						0	0.0	0	0.0		
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories and Possessions etc., Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Class 1 .....						.0	0.0	.0	0.0		
3.2 Class 2 .....						.0	0.0	.0	0.0		
3.3 Class 3 .....						.0	0.0	.0	0.0		
3.4 Class 4 .....						.0	0.0	.0	0.0		
3.5 Class 5 .....						.0	0.0	.0	0.0		
3.6 Class 6 .....						0	0.0	0	0.0		
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
4.1 Class 1 .....						.0	0.0	.0	0.0		
4.2 Class 2 .....						.0	0.0	.0	0.0		
4.3 Class 3 .....						.0	0.0	.0	0.0		
4.4 Class 4 .....						.0	0.0	.0	0.0		
4.5 Class 5 .....						.0	0.0	.0	0.0		
4.6 Class 6 .....						0	0.0	0	0.0		
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Class 1 .....						.0	0.0	.0	0.0		
5.2 Class 2 .....						.0	0.0	.0	0.0		
5.3 Class 3 .....						.0	0.0	.0	0.0		
5.4 Class 4 .....						.0	0.0	.0	0.0		
5.5 Class 5 .....						.0	0.0	.0	0.0		
5.6 Class 6 .....						0	0.0	0	0.0		
5.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Class 1 .....						.0	0.0	.0	0.0		
6.2 Class 2 .....						.0	0.0	.0	0.0		
6.3 Class 3 .....						.0	0.0	.0	0.0		
6.4 Class 4 .....						.0	0.0	.0	0.0		
6.5 Class 5 .....						.0	0.0	.0	0.0		
6.6 Class 6 .....						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Class 1 .....						.0	0.0	.0	0.0		
7.2 Class 2 .....						.0	0.0	.0	0.0		
7.3 Class 3 .....						.0	0.0	.0	0.0		
7.4 Class 4 .....						.0	0.0	.0	0.0		
7.5 Class 5 .....						.0	0.0	.0	0.0		
7.6 Class 6 .....						0	0.0	0	0.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
8.1 Class 1 .....						.0	0.0	.0	0.0		
8.2 Class 2 .....						.0	0.0	.0	0.0		
8.3 Class 3 .....						.0	0.0	.0	0.0		
8.4 Class 4 .....						.0	0.0	.0	0.0		
8.5 Class 5 .....						.0	0.0	.0	0.0		
8.6 Class 6 .....						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>9. Parent, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
9.1 Class 1 .....						.0	0.0	.0	0.0		
9.2 Class 2 .....						.0	0.0	.0	0.0		
9.3 Class 3 .....						.0	0.0	.0	0.0		
9.4 Class 4 .....						.0	0.0	.0	0.0		
9.5 Class 5 .....						.0	0.0	.0	0.0		
9.6 Class 6 .....						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	.0	3,307,538	.0	.0	.0	3,307,538	100.0	XXX	XXX	3,307,538	.0
10.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.5 Class 5	.0	.0	.0	.0	.0	(c) .0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	(c) .0	0.0	XXX	XXX	.0	.0
10.7 Totals	.0	3,307,538	.0	.0	.0	(b) 3,307,538	100.0	XXX	XXX	3,307,538	.0
10.8 Line 10.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	.0	3,315,783	.0	.0	.0	XXX	XXX	3,315,783	100.0	3,315,783	.0
11.2 Class 2	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.3 Class 3	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	(c) .0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	(c) .0	0.0	.0	.0
11.7 Totals	.0	3,315,783	.0	.0	.0	XXX	XXX	(b) 3,315,783	100.0	3,315,783	.0
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1		3,307,538				3,307,538	100.0	3,315,783	100.0	3,307,538	XXX
12.2 Class 2						.0	0.0	.0	0.0	.0	XXX
12.3 Class 3						.0	0.0	.0	0.0	.0	XXX
12.4 Class 4						.0	0.0	.0	0.0	.0	XXX
12.5 Class 5						.0	0.0	.0	0.0	.0	XXX
12.6 Class 6						0	0.0	0	0.0	0	XXX
12.7 Totals	.0	3,307,538	.0	.0	.0	3,307,538	100.0	3,315,783	100.0	3,307,538	XXX
12.8 Line 12.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1						.0	0.0	.0	0.0	XXX	.0
13.2 Class 2						.0	0.0	.0	0.0	XXX	.0
13.3 Class 3						.0	0.0	.0	0.0	XXX	.0
13.4 Class 4						.0	0.0	.0	0.0	XXX	.0
13.5 Class 5						.0	0.0	.0	0.0	XXX	.0
13.6 Class 6						0	0.0	0	0.0	XXX	0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$ ..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ ..... current year, \$ ..... prior year of bonds with Z designations and \$ ..... , current year, \$ ..... prior year of bonds with Z\* designations. The letter “Z” means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. “Z\*” means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$ ..... current year, \$ ..... prior year of bonds with 5\* designations and \$ ..... , current year, \$ ..... prior year of bonds with 6\* designations. “5\*” means the NAIC designation was assigned by the SVO in reliance on the insurer’s certification that the issuer is current in all principal and interest payments. “6\*” means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>1. U.S. Governments, Schedules D &amp; DA (Group 1)</b>											
1.1 Issuer Obligations .....		3,307,538				3,307,538	100.0	3,315,783	100.0	3,307,538	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						0	0.0	0	0.0		
1.7 Totals .....	0	3,307,538	0	0	0	3,307,538	100.0	3,315,783	100.0	3,307,538	0
<b>2. All Other Governments, Schedules D &amp; DA (Group 2)</b>											
2.1 Issuer Obligations .....						0	0.0	0	0.0		
2.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....											
2.3 Defined .....						0	0.0	0	0.0		
2.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES .....											
2.5 Defined .....						0	0.0	0	0.0		
2.6 Other .....						0	0.0	0	0.0		
2.7 Totals .....	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>3. States, Territories, and Possessions Guaranteed, Schedules D &amp; DA (Group 3)</b>											
3.1 Issuer Obligations .....						0	0.0	0	0.0		
3.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....											
3.3 Defined .....						0	0.0	0	0.0		
3.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES .....											
3.5 Defined .....						0	0.0	0	0.0		
3.6 Other .....						0	0.0	0	0.0		
3.7 Totals .....	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D &amp; DA (Group 4)</b>											
4.1 Issuer Obligations .....						0	0.0	0	0.0		
4.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....											
4.3 Defined .....						0	0.0	0	0.0		
4.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES .....											
4.5 Defined .....						0	0.0	0	0.0		
4.6 Other .....						0	0.0	0	0.0		
4.7 Totals .....	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>5. Special Revenue &amp; Special Assessment Obligations etc., Non-Guaranteed, Schedules D &amp; DA (Group 5)</b>											
5.1 Issuer Obligations .....						0	0.0	0	0.0		
5.2 Single Class Mortgage-Backed/Asset-Backed Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES .....											
5.3 Defined .....						0	0.0	0	0.0		
5.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES .....											
5.5 Defined .....						0	0.0	0	0.0		
5.6 Other .....						0	0.0	0	0.0		
5.7 Totals .....	0	0	0	0	0	0	0.0	0	0.0	0	0



ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
<b>6. Public Utilities (Unaffiliated), Schedules D &amp; DA (Group 6)</b>											
6.1 Issuer Obligations .....						0	0.0	0	0.0		
6.2 Single Class Mortgage-Backed/Asset-Based Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined .....						0	0.0	0	0.0		
6.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined .....						0	0.0	0	0.0		
6.6 Other .....						0	0.0	0	0.0		
6.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>7. Industrial &amp; Miscellaneous (Unaffiliated), Schedules D &amp; DA (Group 7)</b>											
7.1 Issuer Obligations .....						0	0.0	0	0.0		
7.2 Single Class Mortgage-Backed/Asset-Based Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined .....						0	0.0	0	0.0		
7.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined .....						0	0.0	0	0.0		
7.6 Other .....						0	0.0	0	0.0		
7.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>8. Credit Tenant Loans, Schedules D &amp; DA (Group 8)</b>											
8.1 Issuer Obligations .....						0	0.0	0	0.0		
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
<b>9. Parents, Subsidiaries and Affiliates, Schedules D &amp; DA (Group 9)</b>											
9.1 Issuer Obligations .....						0	0.0	0	0.0		
9.2 Single Class Mortgage-Backed/Asset-Based Securities .....						0	0.0	0	0.0		
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined .....						0	0.0	0	0.0		
9.4 Other .....						0	0.0	0	0.0		
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined .....						0	0.0	0	0.0		
9.6 Other .....						0	0.0	0	0.0		
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	0	3,307,538	0	0	0	3,307,538	100.0	XXX	XXX	3,307,538	0
10.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
10.3 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.4 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
10.5 Defined	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	0	3,307,538	0	0	0	3,307,538	100.0	XXX	XXX	3,307,538	0
10.8 Line 10.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	0	3,315,783	0	0	0	XXX	XXX	3,315,783	100.0	3,315,783	0
11.2 Single Class Mortgage-Backed/Asset-Backed Securities	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
11.3 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.4 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
11.5 Defined	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	0	3,315,783	0	0	0	XXX	XXX	3,315,783	100.0	3,315,783	0
11.8 Line 11.7 as a % of Col. 8	0.0	100.0	0.0	0.0	0.0	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations		3,307,538				3,307,538	100.0	3,315,783	100.0	3,307,538	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	0	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
12.3 Defined						0	0.0	0	0.0	0	XXX
12.4 Other						0	0.0	0	0.0	0	XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
12.5 Defined						0	0.0	0	0.0	0	XXX
12.6 Other						0	0.0	0	0.0	0	XXX
12.7 Totals	0	3,307,538	0	0	0	3,307,538	100.0	3,315,783	100.0	3,307,538	XXX
12.8 Line 12.7 as a % of Col. 6	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	0.0	100.0	0.0	0.0	0.0	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations						0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Securities						0	0.0	0	0.0	XXX	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
13.3 Defined						0	0.0	0	0.0	XXX	0
13.4 Other						0	0.0	0	0.0	XXX	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
13.5 Defined						0	0.0	0	0.0	XXX	0
13.6 Other						0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

Schedule DA - Part 2

NONE

Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S - Part 1 - Section 2

NONE

Schedule S - Part 2

NONE

Schedule S - Part 3 - Section 2

NONE

Schedule S - Part 4

NONE

Schedule S - Part 5

NONE

Schedule S - Part 6

NONE

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
State, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/Casualty Premiums
			Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX			
1. Alabama	AL	No						
2. Alaska	AK	No						
3. Arizona	AZ	No						
4. Arkansas	AR	No						
5. California	CA	No						
6. Colorado	CO	No						
7. Connecticut	CT	No						
8. Delaware	DE	No						
9. District of Columbia	DC	No						
10. Florida	FL	No						
11. Georgia	GA	No						
12. Hawaii	HI	No						
13. Idaho	ID	No						
14. Illinois	IL	No						
15. Indiana	IN	No						
16. Iowa	IA	No						
17. Kansas	KS	No						
18. Kentucky	KY	No						
19. Louisiana	LA	No						
20. Maine	ME	No						
21. Maryland	MD	No						
22. Massachusetts	MA	No						
23. Michigan	MI	No						
24. Minnesota	MN	No						
25. Mississippi	MS	No						
26. Missouri	MO	No						
27. Montana	MT	No						
28. Nebraska	NE	No						
29. Nevada	NV	No						
30. New Hampshire	NH	No						
31. New Jersey	NJ	No						
32. New Mexico	NM	No						
33. New York	NY	No						
34. North Carolina	NC	No						
35. North Dakota	ND	No						
36. Ohio	OH	No						
37. Oklahoma	OK	No						
38. Oregon	OR	No						
39. Pennsylvania	PA	No						
40. Rhode Island	RI	No						
41. South Carolina	SC	No						
42. South Dakota	SD	No						
43. Tennessee	TN	Yes			228,418,096			
44. Texas	TX	No						
45. Utah	UT	No						
46. Vermont	VT	No						
47. Virginia	VA	No						
48. Washington	WA	No						
49. West Virginia	WV	No						
50. Wisconsin	WI	No						
51. Wyoming	WY	No						
52. American Samoa	AS	No						
53. Guam	GU	No						
54. Puerto Rico	PR	No						
55. U.S. Virgin Islands	VI	No						
56. Northern Mariana Islands	MP							
57. Canada	CN	No						
58. Aggregate other alien	OT	XXX	XXX	0	0	0	0	0
59. Subtotal	XXX	XXX	0	0	228,418,096	0	0	0
60. Reporting entity contributions for Employee Benefit Plans	XXX	XXX						
61. Total (Direct Business)	XXX	(a) 1	0	0	228,418,096	0	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:  
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE T – PART 2  
INTERSTATE COMPACT – EXHIBIT OF PREMIUMS WRITTEN

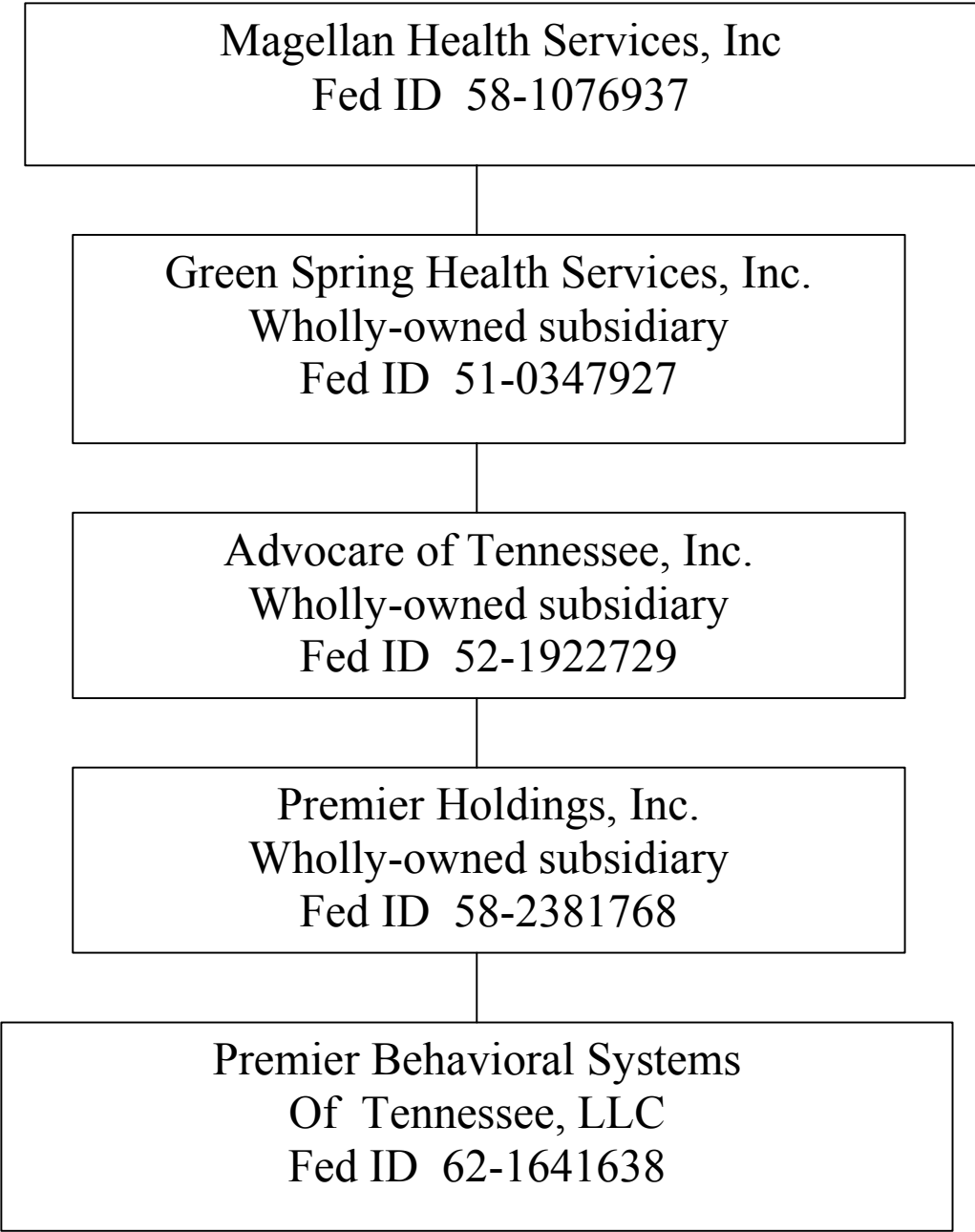
Allocated by States and Territories

		Direct Business Only					
		1	2	3	4	5	6
States, Etc.		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama .....	AL						0
2. Alaska .....	AK						0
3. Arizona .....	AZ						0
4. Arkansas .....	AR						0
5. California .....	CA						0
6. Colorado .....	CO						0
7. Connecticut .....	CT						0
8. Delaware .....	DE						0
9. District of Columbia .....	DC						0
10. Florida .....	FL						0
11. Georgia .....	GA						0
12. Hawaii .....	HI						0
13. Idaho .....	ID						0
14. Illinois .....	IL						0
15. Indiana .....	IN						0
16. Iowa .....	IA						0
17. Kansas .....	KS						0
18. Kentucky .....	KY						0
19. Louisiana .....	LA						0
20. Maine .....	ME						0
21. Maryland .....	MD						0
22. Massachusetts .....	MA						0
23. Michigan .....	MI						0
24. Minnesota .....	MN						0
25. Mississippi .....	MS						0
26. Missouri .....	MO						0
27. Montana .....	MT						0
28. Nebraska .....	NE						0
29. Nevada .....	NV						0
30. New Hampshire .....	NH						0
31. New Jersey .....	NJ						0
32. New Mexico .....	NM						0
33. New York .....	NY						0
34. North Carolina .....	NC						0
35. North Dakota .....	ND						0
36. Ohio .....	OH						0
37. Oklahoma .....	OK						0
38. Oregon .....	OR						0
39. Pennsylvania .....	PA						0
40. Rhode Island .....	RI						0
41. South Carolina .....	SC						0
42. South Dakota .....	SD						0
43. Tennessee .....	TN						0
44. Texas .....	TX						0
45. Utah .....	UT						0
46. Vermont .....	VT						0
47. Virginia .....	VA						0
48. Washington .....	WA						0
49. West Virginia .....	WV						0
50. Wisconsin .....	WI						0
51. Wyoming .....	WY						0
52. American Samoa .....	AS						0
53. Guam .....	GU						0
54. Puerto Rico .....	PR						0
55. U.S. Virgin Islands .....	VI						0
56. Northern Mariana Islands .....	MP						0
57. Canada .....	CN						0
58. Aggregate Other Alien .....	OT						0
59. Totals		0	0	0	0	0	0

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



## ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

## SCHEDULE Y

## PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

[illegible]



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

- 1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?
- 2. Will an actuarial opinion be filed by March 1?
- 3. Will the Risk-based Capital Report be filed with the NAIC by March 1?
- 4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?

Responses

.....YES.....  
.....YES.....  
.....SEE EXPLANATION.....  
.....YES.....

APRIL FILING

- 5. Will Management's Discussion and Analysis be filed by April 1?
- 6. Will the Supplemental Investment Risks Interrogatories be filed by April 1?
- 7. Will the Accident and Health Policy Experience Exhibit be filed by April 1?

.....YES.....  
.....YES.....  
.....YES.....

JUNE FILING

- 8. Will an audited financial report be filed by June 1?

.....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

- 9. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?
- 10. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?
- 11. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?
- 12. Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?
- 13. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?

.....NO.....  
.....NO.....  
.....NO.....  
.....NO.....  
.....NO.....

APRIL FILING

- 14. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?
- 15. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?
- 16. Will the Supplemental Property/Casualty Insurance Expense Exhibit due April 1 be filed with any state that requires it, and, if so, the NAIC?

.....NO.....  
.....NO.....  
.....NO.....

EXPLANATION:

- 3.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.
- 16.

BAR CODE:

9.



000002006360590000

10.



000002006205000000

11.



000002006207000000

12.



000002006420000000

13.



000002006365590000

14.



000002006330590000

15.



000002006211590000

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

16.



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest				Dates		
		3	4 F o r e i g n	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	*		Bond CHAR	NAIC Designation	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of	How Paid	Admitted Amount Due & Accrued	Gross Amt. Rec. During Year	Acquired	Maturity
31359M-LU-5.....	FNMA NOTE.....					300,069		300,000	300,000	300,000		(66)			4.750	4.730		7,077	14,250	12/15/2005	01/02/2007
3133XB-D9-3.....	FHLB BOND.....					2,363,592		2,366,571	2,395,000	2,377,574		13,983			1.125	4.810		36,787	49,500	02/02/2006	02/15/2008
3133XB-D9-3.....	FHLB BOND.....					4,934		4,941	5,000	4,964		29			4.125	4.810		187		02/02/2006	02/15/2008
912828-CF-5.....	US TREASURY NOTE.....					625,000		624,413	625,000	625,000					4.875	4.890		5,217	15,235	05/01/2006	04/30/2008
0199999 - Total Bonds - U.S. Government - Issuer Obligations						3,293,595	XXX	3,295,925	3,325,000	3,307,538		13,946			XXX	XXX	XXX	49,268	78,985	XXX	XXX
0399999 - Total - U.S. Government Bonds						3,293,595	XXX	3,295,925	3,325,000	3,307,538		13,946			XXX	XXX	XXX	49,268	78,985	XXX	XXX
5499999 - Total - Issuer Obligations						3,293,595	XXX	3,295,925	3,325,000	3,307,538	0	13,946	0	0	XXX	XXX	XXX	49,268	78,985	XXX	XXX
													</								

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

## ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

## SCHEDULE D - PART 3

**Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year**

[illegible]

E11

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE Premier Behavioral Systems of Tennessee, LLC

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21		
										11	12	13	14	15								
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date		
912828-BX-7...	US TREASURY NOTE.....		..01/30/2006..	MATURED.....		2,395,000	2,395,000	2,369,643	2,392,958		2,042		2,042		2,395,000				0	22,453	..01/31/2006..	
912828-CF-5...	US TREASURY NOTE.....		..04/30/2006..	MATURED.....		625,000	625,000	618,555	622,758		2,242		2,242		625,000				0	7,031	..04/30/2006..	
0399999 - Bonds - U.S. Governments						3,020,000	3,020,000	2,988,198	3,015,716		4,284		4,284		3,020,000					29,484	XXX	
6099997 - Bonds - Part 4						3,020,000	3,020,000	2,988,198	3,015,716		4,284		4,284		3,020,000					29,484	XXX	
6099998 - Bonds - Part 5						0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6099999 - Total - Bonds						3,020,000	3,020,000	2,988,198	3,015,716	0	4,284	0	4,284	0	3,020,000	0	0	0	0	29,484	XXX	
6599998 - Preferred Stocks - Part 5						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6599999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7299998 - Common Stocks - Part 5						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7299999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7399999 - Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	XXX



Schedule D - Part 5

NONE

Schedule D - Part 6 - Section 1

NONE

Schedule D - Part 6 - Section 2

NONE

Schedule DA - Part 1

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2  
**NONE**

Schedule DB - Part C - Section 3  
**NONE**

Schedule DB - Part D - Section 1  
**NONE**

Schedule DB - Part D - Section 2  
**NONE**

Schedule DB - Part D - Section 3  
**NONE**

Schedule DB - Part E - Section 1  
**NONE**



Schedule E - Part 2

NONE

Schedule E - Part 3

NONE